

Exhibit 6C

July 14, 2014 R. Cline Deposition Transcript

<p style="text-align: right;">Page 1</p> <p>1 IN THE UNITED STATES BANKRUPTCY COURT 2 FOR THE EASTERN DISTRICT OF MICHIGAN 3 4 5 6 In Re:) Chapter 9 7 CITY of DETROIT, MICHIGAN,) Case No. 13-53846 8 Debtor.) Hon. Steven Rhodes 9 10 11 12 The Videotaped Deposition of ROBERT CLINE, 13 Taken at Jones Day 14 51 Louisiana Avenue, NW 15 Washington, DC 16 Commencing at 9:05 a.m. 17 Monday July 14, 2014, 18 Before Marjorie Peters, RMR, CRR 19 20 21 22 23 24 25</p>	<p style="text-align: right;">Page 3</p> <p>1 For Creditor National Public Finance Guarantee Corp. 2 3 JEFFREY S. BEELAERT, ESQ. 4 SIDLEY AUSTIN, LLP 5 1501 K Street, N.W. 6 Washington D.C. 20005 7 8 For Creditor Financial Guaranty Insurance Company: 9 PRAVIN R. PATEL, ESQ. 10 WEIL GOTSHAL & MANGES, LLP 11 1395 Brickell Avenue 12 Suite 1200 13 Miami, Florida 33131 14 15 Also Appearing: 16 Jonathan Perry, Videographer 17 Marguerette Hosbach, Ernst & Young, via telephone 18 19 20 21 22 23 24 25</p>
<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES: 2 For the Debtor City of Detroit and the witness: 3 GEOFFREY S. STEWART, ESQ., 4 SARAH A. HUNGER, ESQ., 5 CHRISTOPHER DIPOMPEO, ESQ. 6 JONES DAY 7 51 Louisiana Avenue, N.W. 8 Washington, D.C. 20001-2113 9 10 11 For the Official Committee of Retirees: 12 DAN BARNOWSKI, ESQ. 13 DENTONS US, LLP 14 1301 K Street, N.W. 15 Suite 600, East Tower 16 Washington, D.C. 20005-3364 17 18 For Syncora Guarantee, Inc., and Syncora Capital 19 Assurance, Inc. 20 21 DOUGLAS G. SMITH, P.C. 22 KIRKLAND & ELLIS, LLP 23 300 North LaSalle 24 Chicago, Illinois 60654 25 26 For Creditor Assured Guaranty: 27 LISA SCHAPIRA, ESQ. 28 CHADBOURNE & PARKE, LLP 29 30 Rockefeller Plaza 30 New York, New York 10112 31 32 33 34 35</p>	<p style="text-align: right;">Page 4</p> <p>1 I N D E X 2 WITNESS PAGE 3 Robert Cline 6 4 5 EXHIBITS PAGE 6 Exhibit No. 1 112 7 Exhibit No. 2 149 8 Exhibit No. 3 164 9 Exhibit No. 4 179 10 Exhibit No. 5 278 11 Exhibit No. 6 280 12 Exhibit No. 7 281 13 Exhibit No. 8 285 14 Exhibit No. 9 292 15 16 17 18 19 20 21 22 23 24 25</p>

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<p style="text-align: right;">Page 93</p> <p>1 R. CLINE</p> <p>2 change of any underlying economics of the City of</p> <p>3 Detroit.</p> <p>4 Q. But the City can take actions that would</p> <p>5 change the underlying economics without going into</p> <p>6 Chapter 9, correct?</p> <p>7 A. I don't know the answer to that.</p> <p>8 Q. Okay. As far as you're aware, though, your</p> <p>9 baseline scenario is not trying to forecast what would</p> <p>10 happen if the petition for bankruptcy was dismissed?</p> <p>11 A. I would describe our baseline forecast as a</p> <p>12 continuation of the trends that have been affecting</p> <p>13 Detroit over the last 10 years to 20 years.</p> <p>14 Q. And has anybody from the City told you that</p> <p>15 they're going to allow the trends that have continued to</p> <p>16 continue into the future?</p> <p>17 A. I haven't had those conversations myself.</p> <p>18 Q. I mean, do you have any understanding about</p> <p>19 why you have this baseline scenario in your report?</p> <p>20 A. My understanding is that the baseline scenario</p> <p>21 reflects expected revenue streams under current law in a</p> <p>22 continuation of recent economics in the City of Detroit.</p> <p>23 Q. Do you have any understanding of what</p> <p>24 activities the City will or will not perform in the</p> <p>25 baseline scenario?</p>	<p style="text-align: right;">Page 95</p> <p>1 R. CLINE</p> <p>2 not offering an opinion that raising tax rates would be</p> <p>3 unreasonable, correct?</p> <p>4 A. I'm not commenting on any tax policy options</p> <p>5 available to the City of Detroit.</p> <p>6 Q. You know that question -- there could be a yes</p> <p>7 or no answer to that question, right?</p> <p>8 A. My perspective is that we were asked to do</p> <p>9 revenue forecasts of the major revenue sources under</p> <p>10 current law. We were not asked nor did I volunteer</p> <p>11 information on alternatives available to the City of</p> <p>12 Detroit.</p> <p>13 Q. Okay. So, you haven't done any work that will</p> <p>14 allow you to testify that raising tax rates would be</p> <p>15 unreasonable or inappropriate, correct?</p> <p>16 A. I have not.</p> <p>17 Q. And you haven't done any work that says that</p> <p>18 increasing tax revenues through increased collections</p> <p>19 would be --</p> <p>20 (Telephone interruption.)</p> <p>21 MR. STEWART: Just hit one. Thanks.</p> <p>22 BY MR. SMITH:</p> <p>23 Q. -- inappropriate or not feasible, correct?</p> <p>24 A. He we have not evaluated tax policy</p> <p>25 opportunities -- alternatives for Detroit.</p>
<p style="text-align: right;">Page 94</p> <p>1 R. CLINE</p> <p>2 A. I do not.</p> <p>3 Q. Do you have any understanding of what</p> <p>4 activities the City will or will not perform in the</p> <p>5 restructuring scenario?</p> <p>6 A. I do not know the specifics of any</p> <p>7 alternatives.</p> <p>8 Q. Would raising the income tax rate be a</p> <p>9 reasonable policy for the City of Detroit?</p> <p>10 A. I can't comment on the policy options for</p> <p>11 Detroit. We were not asked to evaluate those as part of</p> <p>12 our analysis.</p> <p>13 Q. And so, you're offering no opinion that</p> <p>14 raising the income tax rate or property tax rates or</p> <p>15 utility tax rates or wagering tax rates or any of the</p> <p>16 other rates would be inappropriate or unreasonable,</p> <p>17 correct?</p> <p>18 A. We were not asked to evaluate any tax policy</p> <p>19 alternatives for the City of Detroit.</p> <p>20 Q. So, you're not offering any opinion saying</p> <p>21 that raising tax rates would be unreasonable, correct?</p> <p>22 A. I'm not commenting on policy options for the</p> <p>23 City of Detroit.</p> <p>24 Q. So, you're not offering -- I'm just trying to</p> <p>25 get an idea of what opinions you're offering. So, you're</p>	<p style="text-align: right;">Page 96</p> <p>1 R. CLINE</p> <p>2 Q. And you haven't done any work that would allow</p> <p>3 you to testify that Detroit couldn't just add new taxes,</p> <p>4 correct?</p> <p>5 A. We have not.</p> <p>6 Q. And you haven't done any work that would allow</p> <p>7 you to testify that Detroit couldn't generate significant</p> <p>8 additional revenue by either adding new taxes or</p> <p>9 increasing tax rates?</p> <p>10 MR. STEWART: Objection.</p> <p>11 MR. SMITH: Correct?</p> <p>12 THE WITNESS: We were not asked to look at</p> <p>13 policy options for the City of Detroit.</p> <p>14 BY MR. SMITH:</p> <p>15 Q. And so, you haven't done any work that would</p> <p>16 allow you to testify that Detroit can't generate</p> <p>17 significant increased revenue through either increasing</p> <p>18 tax rates, increasing collections, or adding new taxes,</p> <p>19 correct?</p> <p>20 MR. STEWART: Objection.</p> <p>21 THE WITNESS: I think there may have been a</p> <p>22 double negative in there. Could you repeat the</p> <p>23 question?</p> <p>24 BY MR. SMITH:</p> <p>25 Q. You haven't done any work that will allow you</p>

<p style="text-align: right;">Page 97</p> <p>1 R. CLINE</p> <p>2 to testify that Detroit can't significantly increase</p> <p>3 revenues by increasing tax rates or increasing tax</p> <p>4 collections or by adding new taxes, correct?</p> <p>5 MR. STEWART: Objection.</p> <p>6 THE WITNESS: We have done no analysis --</p> <p>7 excuse me.</p> <p>8 MR. STEWART: Go ahead.</p> <p>9 THE WITNESS: We have done no analysis on</p> <p>10 tax policy options in Detroit.</p> <p>11 BY MR. SMITH:</p> <p>12 Q. So, the answer is correct, correct?</p> <p>13 A. I am still having --</p> <p>14 MR. STEWART: Reread the question.</p> <p>15 THE WITNESS: Please, reread the question,</p> <p>16 I think the double negative is still there.</p> <p>17 (The record was read back by the reporter.)</p> <p>18 THE WITNESS: I believe the correct answer</p> <p>19 to that question is, as I mentioned, we have looked</p> <p>20 at the collection rate of the property tax. We</p> <p>21 calculated an effective collection rate, and we did</p> <p>22 use that in our forecast.</p> <p>23 We did not -- were not asked to and did not</p> <p>24 provide forecasts under alternative policy options,</p> <p>25 whether it's a tax rate change or adoption of a new</p>	<p style="text-align: right;">Page 99</p> <p>1 R. CLINE</p> <p>2 question, please.</p> <p>3 (The record was read back by the reporter.)</p> <p>4 THE WITNESS: We accepted the current law</p> <p>5 tax rates as what was available to Detroit. To the</p> <p>6 extent that Detroit is at the maximum, and I</p> <p>7 believe it may be the case for all of those tax</p> <p>8 rates, it would imply that under current law, that</p> <p>9 option is not available.</p> <p>10 BY MR. SMITH:</p> <p>11 Q. But current law can change, correct?</p> <p>12 A. Correct.</p> <p>13 Q. And you would agree with me that if current</p> <p>14 law changes, Detroit can increase tax revenue</p> <p>15 significantly by increasing tax rates, correct?</p> <p>16 MR. STEWART: Objection.</p> <p>17 THE WITNESS: It is true that an increased</p> <p>18 rate, with no offsetting decrease in the base,</p> <p>19 could increase revenue, but if you were going to</p> <p>20 forecast the increase of a tax rate in Detroit, you</p> <p>21 would also have to forecast the potential decrease</p> <p>22 in the tax base with mobile people and investment.</p> <p>23 BY MR. SMITH:</p> <p>24 Q. And so, sitting here today, you haven't done</p> <p>25 the work that would allow you to testify that increasing</p>
<p style="text-align: right;">Page 98</p> <p>1 R. CLINE</p> <p>2 tax, or change, in the base of an existing tax.</p> <p>3 BY MR. SMITH:</p> <p>4 Q. So, you -- Ernst & Young concluded that the</p> <p>5 City could increase property tax revenues by increasing</p> <p>6 collections, correct?</p> <p>7 A. In our forecast of the property tax revenues,</p> <p>8 we did vary the collection rate over time.</p> <p>9 Q. And you increased the collection rate; is that</p> <p>10 correct, or do you not know?</p> <p>11 A. From what I remember, we may have brought the</p> <p>12 collection rate down, in the intermediate run, and then</p> <p>13 brought it back up in the longer run.</p> <p>14 Q. Okay. But you haven't -- you haven't done any</p> <p>15 work that would allow you to testify that Detroit can't</p> <p>16 significantly increase revenues by increasing tax rates,</p> <p>17 correct?</p> <p>18 MR. STEWART: Objection.</p> <p>19 THE WITNESS: All of our revenue estimates</p> <p>20 are based upon current law rates.</p> <p>21 BY MR. SMITH:</p> <p>22 Q. So, the answer to my question is correct? You</p> <p>23 haven't done the work?</p> <p>24 MR. STEWART: Objection.</p> <p>25 THE WITNESS: Could you repeat the</p>	<p style="text-align: right;">Page 100</p> <p>1 R. CLINE</p> <p>2 tax rates wouldn't result in significant additional</p> <p>3 revenue for the City of Detroit, correct?</p> <p>4 MR. STEWART: Objection.</p> <p>5 THE WITNESS: As I believe I've answered</p> <p>6 several times, we did not evaluate alternative</p> <p>7 policies. We accepted current law as the</p> <p>8 foundation for our forecast.</p> <p>9 BY MR. SMITH:</p> <p>10 Q. Okay. So the answer is correct, you didn't do</p> <p>11 that work, correct?</p> <p>12 A. Would you rephrase the question.</p> <p>13 Q. You didn't do any work that would allow you to</p> <p>14 testify that by increasing tax rates, Detroit would not</p> <p>15 increase substantially its tax revenues?</p> <p>16 MR. STEWART: Objection.</p> <p>17 THE WITNESS: We did not run alternatives</p> <p>18 with our model at different tax rates.</p> <p>19 BY MR. SMITH:</p> <p>20 Q. That's something that you could have done,</p> <p>21 right? That's technically feasible for you to do,</p> <p>22 correct?</p> <p>23 A. We were not asked to do that analysis.</p> <p>24 Q. Okay. But is it technically feasible for you</p> <p>25 to do an analysis like that?</p>

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<p style="text-align: right;">Page 101</p> <p>1 R. CLINE</p> <p>2 A. We would have to do additional work compared</p> <p>3 to what we have done to this point, because as I</p> <p>4 mentioned, it's not just changing the rate, it's also</p> <p>5 understanding the behavioral response of the base in</p> <p>6 response to the change in the rate. We are not set up to</p> <p>7 do that in our current runs.</p> <p>8 Q. And you also haven't done the work that would</p> <p>9 allow you to testify that Detroit couldn't significantly</p> <p>10 increase revenues by adding new taxes, correct?</p> <p>11 A. We have not analyzed the addition of new</p> <p>12 revenue sources for Detroit.</p> <p>13 Q. Okay. The -- one potential new revenue source</p> <p>14 would be imposing the commuter tax, correct? That's a</p> <p>15 reasonable --</p> <p>16 A. I don't know if it's legally available to</p> <p>17 Detroit as an option.</p> <p>18 Q. Okay. But imposing a commuter tax is</p> <p>19 something that the City could either do by itself or in</p> <p>20 conjunction with the State, correct?</p> <p>21 A. I don't know the answer to that.</p> <p>22 Q. Okay. So, you haven't investigated whether</p> <p>23 Detroit could add a commuter tax, correct?</p> <p>24 A. I have not.</p> <p>25 Q. All right. Another potential -- that you know</p>	<p style="text-align: right;">Page 103</p> <p>1 R. CLINE</p> <p>2 revenue options for the City of Detroit.</p> <p>3 Q. Okay. You only did the work that you were</p> <p>4 asked by the lawyers for the City to do, correct?</p> <p>5 MR. STEWART: Objection.</p> <p>6 THE WITNESS: We were given an assignment</p> <p>7 by Ernst & Young to provide a revenue estimate of</p> <p>8 the major tax sources for the City of Detroit over</p> <p>9 the next 10 years. Then it was expanded to an</p> <p>10 additional 30-year perspective. That is the job</p> <p>11 that we were asked to do, and that is what we did</p> <p>12 and is reported on in the expert report.</p> <p>13 BY MR. SMITH:</p> <p>14 Q. Who asked you to do that job?</p> <p>15 A. That was a -- we were retained by the Ernst &</p> <p>16 Young team working in Detroit.</p> <p>17 Q. Okay. So, it wasn't Mr. Malhotra that gave</p> <p>18 you the scope of the work that you were to perform in</p> <p>19 this case?</p> <p>20 A. I believe our initial discussions of the scope</p> <p>21 of the work did come from him.</p> <p>22 Q. Would it be fair to say that you haven't done</p> <p>23 any analysis of the full range of potential revenue</p> <p>24 sources available to the City?</p> <p>25 MR. STEWART: Objection.</p>
<p style="text-align: right;">Page 102</p> <p>1 R. CLINE</p> <p>2 that there's cities, though, that have commuter taxes,</p> <p>3 right?</p> <p>4 A. There are selected cities that tax</p> <p>5 non-residents who are working in the city, as Detroit</p> <p>6 does. Some at differential rates, some at the same rate.</p> <p>7 Q. Okay. And they do that through a variety of</p> <p>8 mechanisms, correct?</p> <p>9 A. I believe they look basically like income</p> <p>10 taxes.</p> <p>11 Q. And sometimes they're parking lot-type -- you</p> <p>12 know, charges for fees for parking or other services that</p> <p>13 might disproportionately fall on non-residents?</p> <p>14 MR. STEWART: Objection.</p> <p>15 THE WITNESS: I'm not familiar with the</p> <p>16 details of those taxes.</p> <p>17 BY MR. SMITH:</p> <p>18 Q. All right. You know that some cities have a</p> <p>19 city-only sales tax, correct?</p> <p>20 A. City-only sales tax. I believe that is the</p> <p>21 case.</p> <p>22 Q. And you haven't investigated whether Detroit</p> <p>23 could increase revenues by adding a city-only sales tax,</p> <p>24 correct?</p> <p>25 A. As I answered earlier, we did not analyze any</p>	<p style="text-align: right;">Page 104</p> <p>1 R. CLINE</p> <p>2 THE WITNESS: We haven't done an analysis</p> <p>3 of any of the revenue options available to the</p> <p>4 City.</p> <p>5 BY MR. SMITH:</p> <p>6 Q. And that would include both tax and non-tax</p> <p>7 revenue options?</p> <p>8 A. Correct.</p> <p>9 Q. I mean, if you were advising a City in</p> <p>10 financial distress, what actions would you advise them to</p> <p>11 take to increase revenue or cut costs?</p> <p>12 MR. STEWART: Objection.</p> <p>13 THE WITNESS: We are very careful in all of</p> <p>14 our projects at Ernst & Young not to make policy</p> <p>15 recommendations to governments.</p> <p>16 BY MR. SMITH:</p> <p>17 Q. Okay. So, Ernst & Young -- is it that you</p> <p>18 don't have the qualifications to make policy</p> <p>19 recommendations to governments or is there some other</p> <p>20 reason that you don't do that?</p> <p>21 A. We don't do that because those are political</p> <p>22 decisions. We don't make policy recommendations to</p> <p>23 individual units of government.</p> <p>24 Q. So, ultimately, the amount of revenue</p> <p>25 available to the City of Detroit and the amount of costs</p>

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